

POSTAL FINANCES

I would like to comment on the financial state of the Postal Service, with the observation that the prefunding of retiree health premiums was a mistake by Congress, which has severely constrained access to capital by the USPS. Furthermore, the inflation-linked cap on market-dominant products has hurt the Postal Service financially. The nature of postal business involves cost factors that may widely exceed CPI increases. Two examples are energy costs and health care costs. Both have temporarily subsided somewhat, but health care costs for employees are expected to increase beyond the CPI indefinitely. Energy costs are a potentially volatile area that could impact the postal budget. An energy cost exception to the cap would make sense, but lifting it entirely would make more sense.

SERVICE STANDARDS

I believe the Postal Service made a mistake by abandoning next-day delivery of local first-class mail. This policy undermines the market-dominant products that are at the core of the Universal Service Obligation. Restoring a previous higher level of service would be beneficial to small business which rely heavily on market-dominant products such as periodical and first-class mail.

POSTAL BANKING

As the OIG reports indicated, expanding current products such as check-cashing and wire transfers could easily be done within the scope of current authority, raise significant revenue, and provide useful services to many Americans.

Even more revenue - \$9 billion was the estimate in the 2014 report, I believe, could be raised by expanding postal banking to serve the underserved. Public opinion supports it, the underserved polled say they would use it. And having a public service provide an affordable option to predatory lenders is well within the scope and spirit of the USPS' historic mission.

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